



Department of State

EXCISE

TELEGRAM

614

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AN: D730004-1011

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15
ACTION EB-11

INFO OCT-01 AF-10 ARA-16 NEA-10 ADP-00 EUR-25 L-03 PM-07

NSC-10 SS-15 RSC-01 COME-00 INT-08 SCEM-02 TRSE-00

CIEP-02 OMB-01 CIAE-00 INR-10 NSAE-00 PRS-01 H-03

RSR-01 OPIC-12 /149 W

014760

P R 042120Z AUG 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 8978

INFO AMCONSUL RIO DE JANEIRO

AMEMBASSY ROME

AMEMBASSY ATHENS

AMEMBASSY TRIPOLI

C O N F I D E N T I A L BRASILIA 4925

FOR UNDER SECRETARY CASEY

E.O. 11652: N/A

TAGS: ENRG, LY, BR

SUBJECT: PETROLEUM: BUNKER HUNT NATIONALIZATION

REF: STATE 151918

DEPARTMENT OF STATE A/CDC/KR

REVIEWED BY g DATE 12/6/82

RDS ☐ or XDS ☐ EXT. DATE

TS AUTH. REASON(S)

ENDORSE EXISTING MARKINGS ☒

DECLASSIFIED ☐ RELEASABLE ☐

RELEASE DENIED ☒ IN PART

PA or FOI EXEMPTIONS B1, A3, A5

1. [REDACTED] I CALLED ON
FONOFF SECGEN CARVALHO E SILVA LATE YESTERDAY TO MAKE
APPROACH INSTRUCTED IN REFTEL. IN ADDITION TO FULL EXPO-
SITION OF SPECIFIC POINTS IN PARA 6 AND 7 REFTEL, I STRESSED
THAT TO ENCOURAGE LARG TO USE SELECTIVE AND DISCRIMI-
NATORY TAKEOVER OF FOREIGN INTERESTS AS WEAPON OF POLITICAL
REPRISAL AND COERCION OF OTHER ECONOMIC INTERESTS RAN
THE RISK OF CREATING EMULATIVE EFFECTS IN OTHER COUNTRIES
WHICH COULD DO SERIOUS HARM TO INTERESTS OF ALL OIL
CONSUMING COUNTRIES, INCLUDING BRAZIL.

2. IN COURSE MY INITIAL EXPOSITION, CARVALHO E SILVA
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MADE SEVERAL REMARKS:

A. HE SUGGESTED THAT CONDITIONS THAT NATIONALIZATION SHOULD BE FOR PUBLIC PURPOSE AND NON-DISCRIMINATORY APPEARED TO BE NEW POLICY; HIS UNDERSTANDING HAD ALWAYS BEEN THAT ESSENTIAL CONDITION FROM OUR VIEWPOINT HAD RELATED TO PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION. I REPLIED THOSE CONDITIONS HAD ALWAYS BEEN INHERENT IN OUR VIEW OF INTERNATIONAL LAW, ALTHOUGH WE HAD NEVER FACED SUCH OVERTLY POLITICALLY-INSPIRED ACTION AS LARG WAS NOW ENGAGING IN.

B. HE INQUIRED AS TO WHETHER POLITICAL MOTIVATION OF LARG ACTION WAS STATED IN NATIONALIZATION LAW. I REPLIED MY UNDERSTANDING WAS IT WAS STATED IN KHADAFI SPEECH AND OFFICIAL LARG RADIO STATEMENT EXPLAINING THE LAW.

C. HE ASKED WHAT WE MEANT BY ACTION AS "DISCRIMINATORY" IN VIEW PREVIOUS ACTION AGAINST BP. I REPLIED LARG WAS ACTING SELECTIVELY ON POLITICAL GROUNDS AND WITH EXPLICIT INTENTION OF BRINGING PRESSURE TO BEAR ON OTHER FOREIGN COMPANIES CURRENTLY NEGOTIATING WITH LARG.

[REDACTED] C. I. B.
B1, 1/35

[REDACTED] B1, 1/35

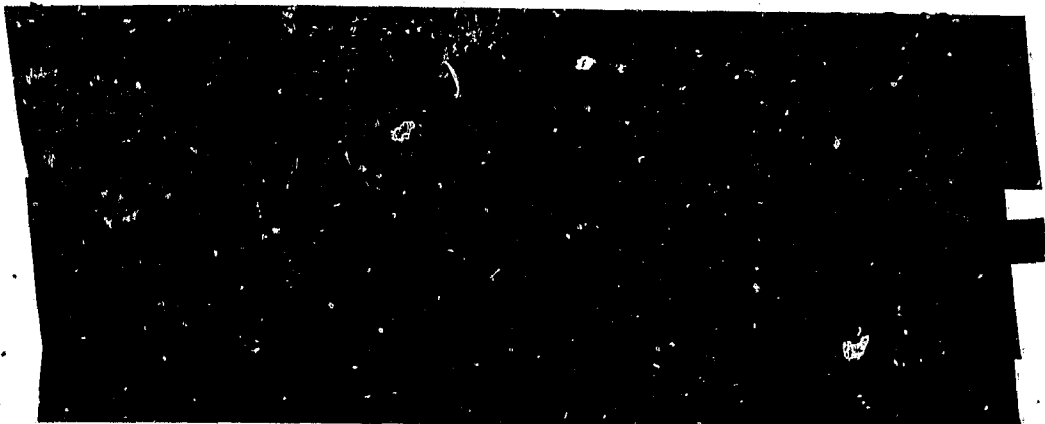
I REPLIED
I WAS NOT INFORMED ON THIS POINT, BUT THAT US, BRAZIL
AND OTHER IMPORTING COUNTRIES CLEARLY FACED A COMMON PROBLEM
IN TERMS OF PETROLEUM IMPORTS.

5. SECGEN REJOINED THAT FONOFF FULLY SHARED THIS VIEW,

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BLA3

181, 9

6. IN CONCLUDING THE MEETING, SECGEN SAID HE WOULD TAKE MATTER UP WITH FOREIGN MINISTER, BUT MADE NO COMMITMENT ON THE SUBSTANCE, LEAVING IMPRESSION THAT WITH REGARD TO THIS PARTICULAR DEAL, AT LEAST, MATTER WOULD BE ALLOWED TO TAKE ITS NATURAL COURSE IN THE COURTS.

7. COMMENT:



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